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ABSTRACT

A majority of the 50 states are currently experiencing budget problems as a result of recent changes in the fiscal roles of federal, state, and local governments. Four major factors are responsible for the recent deterioration of state budgets: (1) reductions in federal aid to states and localities, (2) changes in the federal corporate and individual tax structure, (3) a severe national recession, and (4) efforts by individual states to curtail the growth of state revenues in response to the tax revolt movement. While some states have fared better than others because of their ability to tax lucrative exports such as gas and oil, most states have been forced to adjust either spending or taxation plans to avoid deficits. Many states have increased their reliance on local taxes and/or user charges, particularly in the financing of elementary and secondary education services. The anemic condition of state revenue systems, along with the onset of declining enrollment, also suggests that there will be fewer real dollars available to postsecondary education during the 1980s and some of the progress made in equalizing access to postsecondary education will be forfeited. This publication includes tables that provide statistical bases for the author's assertions. (Author/LL)

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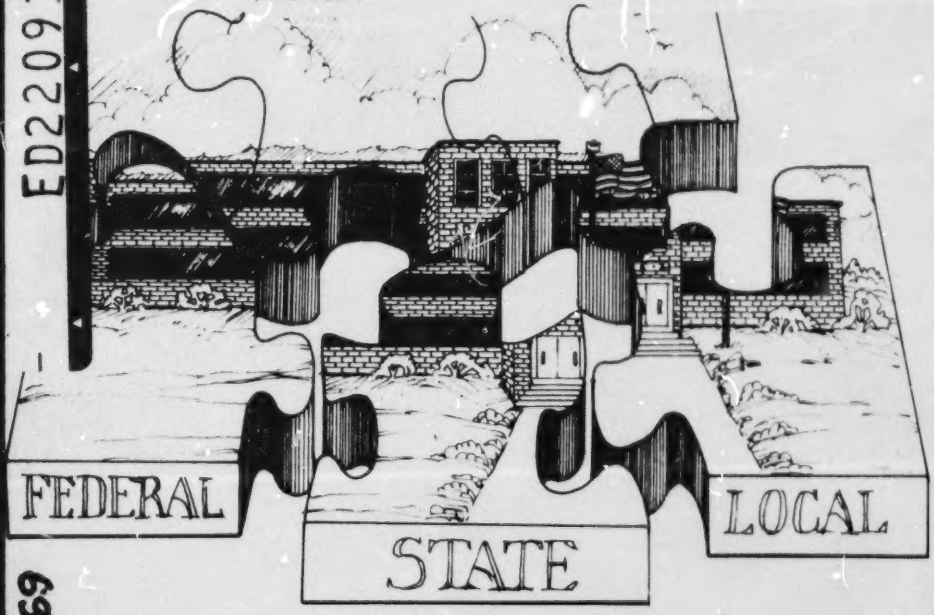

A Changing Federalism: The Condition of the States

A Changing Federalism: The Condition of the States

Report No. F82-1

by E. Kathleen Adams

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Executive Summary

This booklet details the fiscal conditions of the 50 states at the beginning of the 1980s as political and economic forces alter the structure of government. Their conditions are not good. This booklet cites four factors contributing to these conditions: (1) states had worked to reduce tax rates from 1977 to 1980; (2) the federal government has altered tax structures in 1981 so as to reduce state tax revenues; (3) a severe national recession, beginning in 1981, caught the states off-guard; and (4) significant reductions in federal aid have further reduced state revenues.

A brief description of historical patterns that brought the states to this point is provided in the beginning text. Next, the impact of these factors on the states is discussed. One impact is that states are again raising tax rates and/or significantly reducing spending in order to avoid further deteriorating budget positions. Another impact is an increased reliance on local taxes and/or user charges within many states. This is particularly evident in the financing of elementary/secondary services for the most recent school year.

A majority of the states must struggle with the foregoing fiscal conditions and juggle priorities as the federal government continues its economic policies. This will be difficult for the majority of states. Yet, the booklet describes a handful of oil-rich, mostly Western states that exhibit a better short-run, as well as long-run, ability to handle these conditions. The states vary, as one would expect, even in a time of national economic turmoil.

Introduction

The beginning of the eighties may well mark an unprecedented turnaround in the fiscal health of most states, including the development of unprecedented disparities among them. The reasons for the states' plight at this time are fourfold: (1) significant efforts by states to reduce tax burdens from 1977 to 1980, (2) changes in the federal individual and corporate income tax structure, (3) a severe recession beginning in 1981 and (4) major cutbacks in federal aid to states and localities. The primary reason some states are faring better than others is their ability to export tax burdens on the production and sale of oil, gas and other natural resources.

This booklet illustrates the relative conditions of the 50 states in the context of an evolving fiscal federalism. *Federalism* refers in general to the sharing of legal powers among federal, state and local governments; *fiscal federalism* refers to the sharing of financial roles, either in spending or taxing, among these governments. These roles are being altered by current federal policies and may be further changed by administrative actions.

Through most of the seventies, federal aid grew with, and perhaps even spurred, the growth of the state and local sector. The growth rate of total federal aid, however, began to slow in 1978 and only grew by 6.4 percent from 1978 to 1979. This was also the period in which states reversed their pattern of growth. State and local spending had been growing at a considerably higher rate than the overall economy since the end of World War II, up until 1976. From 1977 to 1980, the states significantly reduced tax rates and spending growth. State-local expenditures, nationwide, grew at approximately 13 percent from 1978-79 to 1979-80 (see Table 1). This is virtually equal to the growth in nominal GNP from the third quarter of 1980 to the third quarter in 1981. When the growth of the state-local sector is adjusted for inflation, the "real" growth was only 2.5 percent in this one-year interval.*

*This calculation uses the implicit price deflator for the state and local government sector published by the Survey of Current Business, U.S. Department of Commerce, Bureau of Economic Analysis, Washington, D.C., 1981. This index tends to be higher, on average, than the consumer price index.

While the state and local sector is a major portion of the set of intergovernmental finances, the focus of the booklet is only on state fiscal conditions. In a sense, the states play the critical role in times of change since they must coordinate between the federal and local governments. They also are required to maintain balanced budgets which require them to quickly adjust tax and expenditure decisions in volatile times.

I. Tax Revenues

From 1959 to 1976, states enacted as many as 586 tax increases and 41 new taxes, resulting in more elastic and less regressive tax structures. The result was a substantial increase in state tax revenues that was used both to expand state-supported services, primarily education, and to reduce regressive and unpopular local property tax burdens.

But the sirens of the tax revolt were heard in state capitols many years before they were heard in the nation's capitol. Beginning in 1977, states started the reduction of government growth and began to curtail the growth of state tax revenues. Between 1977 and 1980, 16 states reduced sales taxes, while 22 reduced income tax rates (see Table 2). By 1981, 9 states had indexed the personal income tax, which has significant potential for reducing taxes. In California, for example, indexing produced an actual decline of 1.3 percent in income tax revenues from September 1980 to September 1981.

All of the above changes reduced the growth of state tax revenues. The nationwide growth in total state tax revenues from September 1980 to September 1981 was only 10.1 percent, virtually equal to the previous year's growth of just 10.2 percent (see Table 3). For the most recent year, the growth (in real revenues) was a negative 2.7 percent. That is, state tax revenues in the 1980s — even before budget and tax cuts generated in Washington, D.C. — have not kept pace with inflation. In addition, the growth rate of tax revenues from June 1980 to June 1981, which is the fiscal year for most states, was only 8.8 percent, which was even further below the pace of rising costs, and the growth rate through June 1982 is expected to be even lower.

While the majority of states have experienced little or no real growth in revenues, a handful of energy-rich states have enjoyed significant growth in total tax revenues and, at the same time, have been able to reduce individual income taxes even further. Many of these states are in the west, including Alaska, Montana, New Mexico, Texas and Wyoming.

While the states have undertaken a conscientious effort to reduce

tax rates, as noted above, in nearly half the states revenues have grown even slower than expected in the first few months of this fiscal year, according to a recent National Conference of State Legislatures (NCSL) survey. The primary cause of *this* slow growth is not the changes in state tax structures, but a nationwide recession that has been amplified in several states whose economies are keyed to major industries (e.g., Michigan, Oregon and Kentucky).

II. Federal Policies Affecting State Revenues

Two actions by the federal government have further exacerbated the flow of revenues for the states: changes in the individual and corporate income tax structure and reductions in federal aid. Changes in the federal tax structure that have reduced tax liabilities for both individual and corporate income taxes also tend to reduce state tax revenues, because many state structures are linked to the federal structure. If states do not alter their own state tax structure, revenues drop in relation to what they would have otherwise been (although some states [see Table 4] actually gain individual income tax revenues since tax deductible federal taxes will be lower). All states are losers, however, in terms of corporation income taxes, due to the changes in depreciation allowances implemented by the Economic Recovery Act. The overall impact is one of revenue loss for the states. Eight states plan, or have already, altered their structures to avoid losses under the corporate income tax (Alaska, Connecticut, Florida, Minnesota, Ohio, Oregon, Pennsylvania and Wisconsin).

In addition to the struggle to maintain state sources of revenues, states must deal with current and projected reductions in federal aid. Between 1976 and 1979, total federal aid to states rose by 11.5 percent annually (see Table 5). This growth rate dropped to 10.3 percent from 1979 to 1980, and has dropped to approximately 3.9 percent from 1980 to 1981. Actual dollars are expected to decrease in 1982.

These losses are not equal among the states and, indeed, show quite a bit of variation. The highest losses tend to be for those states that initially relied most heavily on federal aid. This is true for such diverse states as New York and Mississippi. New York, as with many of the Northeastern states, tends to provide a high level of benefits and overall level of public services, and it has an above-average income level to provide these services. Mississippi, on the other hand, has very low income, high poverty concentration and does not spend freely on its public sector. On a per capita basis, both of these states rank significantly above average in terms of expected losses in federal aid.

In short, reductions in federal aid, changes in the federal corporate and individual income tax structure, and the national recession are all combining to reduce state revenues. The result is that initiatives that began in the states five years ago to curtail the growth of state tax revenues, are now resulting in a situation of "overkill" in many states as national economic policies, including the current recession, depress state revenues below planned levels. Consequently, *the state-based movement to reduce taxes is beginning to unravel.* In order to maintain a revenue base for already reduced spending levels, some states already have found it necessary to implement increases in tax rates.

III. Impacts of Changes

It is tempting to ask what these changes, taken together, portend for the present and future fiscal conditions of the states. One effect is already apparent; the states face significant budget problems (see Table 6). Virtually all states are experiencing significant deterioration of their budget positions, as measured by the ratio of the state's unobligated balance to its total general fund expenditures. The average measure for all states has dropped from 9 percent for the 1980 fiscal year to approximately 3 percent for 1981, and is projected to be only 1.5 percent for the 1982 fiscal year.* A 5 percent balance has been the commonly accepted norm for prudent fiscal management.

Sixteen states ended the 1981 fiscal year with deficits, or balances less than 1 percent, and 29 states expect this to occur in the current fiscal year. Furthermore, state revenue growth projections for 1982 are below expenditure growth projections in 31 states, according to a recent survey by NCSL. These projections reflect the states' expectations of taxing and expenditure decisions in the current fiscal year at the time they were surveyed (spring 1980). *These statistics are indicative of a serious erosion in the states' fiscal health.* States undoubtedly will adjust either spending or taxation plans in order to avoid deficits. Because state spending already has slowed in nominal terms (actually declined in real terms), further budget reductions are likely to reduce service levels significantly. The alternative, for the states to raise tax burdens, may be not only politically difficult but also insufficient to outweigh the effects of a continuing recession and deepening federal cuts. The end result for most states may be continued deficit problems, significant reductions in state-provided services and the passing along of further cuts in federal aid.

One source of relief for such fiscal pressure exists, of course, at the local government level. Increases in local taxes and/or user charges are much more probable than in the recent past. The 10-year trend

*These figures are derived from the annual survey of state budget officers done by the National Governors' Association and the National Association for State Budget Officers. It represents a weighted average of all states' budget positions.

of reduced reliance on property taxes may be disrupted. Increases in user charges for education, library, parks and other types of services are already prevalent. This is particularly true in states such as California and Massachusetts where local tax revenues have been severely limited.

IV. Elementary/Secondary Education Finance

The implications of such trends in state fiscal health are great, particularly for the financing of elementary and secondary school services. The most current trend for federal aid, of course, is similar to that in other functional areas. For the 1981-82 school year, estimates of federal aid to all states show a drop of 3.1 percentage points (Table 7).* This is in sharp contrast to the annual growth of 10.2 percent in federal aid to education that took place in the six years prior to 1981-82.

What distinguishes education from other local services, perhaps, is a concomitantly high growth in state aid during the last six years. The annual growth rate for all states is estimated at 11 percent (see Table 8). This growth is due to three major factors. First, there has been significant effort at reforming state intergovernmental grants to education in response to legal action as well as independent interest in reform. Second, the states have actively pursued a policy of property tax relief, and the influx of new state education aid has been a primary policy tool to accomplish this goal. Finally, the structure of federal aid to education was intended to be stimulative of additional state spending and, indeed, has succeeded.

The effect of the 1970s' growth in state aid can be measured in a number of ways. The equity of expenditures has, in general, been improved. Another clear effect is that property tax relief has been provided; the growth in property tax revenues for funding schools was slowed significantly. The growth of local revenues for financing schools during the past six years was only 5.7 percent (Table 8).

The most striking aspect of the changes in the fiscal roles of the various levels of government for elementary and secondary education are the recent changes in the growth of state and local

*Tables 9 and 10 provide estimates of federal aid allocations by major programs. Data for the 1982-83 school year are for those programs with forward funding.

revenues. For the current fiscal year, the growth of state revenues has been virtually cut in half, to 6 percent, while growth in local tax revenues has virtually doubled, to 12 percent. If this actually is a new trend, it constitutes a startling reversal of a 10-year pattern that led to significant centralization of financing at the state level (see Table 11). The result could be a diminution of the equity gains attained by school finance reform, and a reversal of the trends of property tax reductions. Over the medium run, citizens must evaluate the trade-offs associated with decreases in federal income taxes that lead to increases in local property taxes. The trade-off may not be acceptable in the long term.

In addition to rises in local property tax burdens, a potential new development may be the use of alternative types of taxes at the local level, such as sales or income taxes. While some states, such as Pennsylvania, are seriously considering the use of a local income tax and Ohio has implemented use of this tax, this does not appear to be a national trend. Increases in property tax revenues for local schools are the most feasible option. Nevertheless, with property tax rates limited by state law in many states, the use of local option sales and income taxes, in addition to user fees, become attractive options. Reduction in education services is the other option.

V. Postsecondary Education Finance

State appropriations constituted the single largest growth factor in the budgets of public colleges and universities throughout the 1970s. The anemic condition of state revenue systems, together with the onset of significant enrollment declines, suggest that growing state support for higher education is unlikely to continue. According to an ECS survey of state education leaders conducted in the last quarter of 1981, the growth of state appropriations to postsecondary education are expected to be less than the annual rate of inflation. According to the same survey, tuition hikes are expected to be somewhat higher, but not to exceed the inflation rate.

The end result will be a decline in real dollars flowing into the postsecondary sector. As a result, colleges and universities can expect program cutbacks, hiring freezes, maintenance and capital outlay deferrals, and erosion in some of the progress made in the last decade in access to postsecondary education, regardless of family income.

In fact, the bleak prospects for state funding of postsecondary education, combined with the proposed drastic cuts in federal student aid programs and hikes in tuition levels, suggest that the progress in access made in the 1970s will be curtailed if not undone. States are unlikely to replace the reductions in federal student aid; these costs, along with projected tuition raises, will be passed along to students and their families. The result will be a movement to family income as a greater determinant of college and university attendance.

Again, the poor health of state budgets combined with federal cuts produce a state/local trade-off between higher taxes and service cuts, and a local/family/student situation of higher costs or less service, in this case postsecondary training.

VI. Long-Run Issues

As always, the states differ in their present as well as long-run economic prospects. While many states are now experiencing unusually severe budgetary problems, some are relatively more capable of handling those problems than others. This capability can be described primarily by economic factors, but is constrained by bona fide political forces in a number of states.

There are several indicators of the relative fiscal capacity of the states. One is per capita income. A clear pattern for the states is relatively higher growth in personal income for the Southern and Western states in the coming decade. This will allow these states a greater ability to expand their public sector if they so choose. Another fiscal capacity measure is relative taxing capacity, which measures the dollar yield from each state's tax base if it used average rates from a representative tax structure.

Another indicator of state fiscal conditions, year-end balance position, was discussed earlier. ECS staff combined each state's values on tax capacity, expected per capita income growth and their fiscal 1981 ending balances. If the state had high (medium, low) values on two out of these three measures, they were considered in high (medium, low) fiscal condition (Table 12).

States that fall in the high category generally tend to be those with significant endowments of oil, gas or other natural resources. A few states, such as Florida, Kansas and Nevada are in the high category due to peculiarities of their economy such as tourism and valuable agricultural land. Florida also ranks high in its ability to derive revenues from severance taxes.

The pattern that is perhaps most clear is one of low fiscal conditions for many Northeastern states. These states tend to be below average on the tax capacity measures. Given that they currently raise higher than average tax revenues, their tax rates (or burdens) must be above average. They are also faced with a relatively slow growth rate in the coming year.

On the other hand, many Western, and particularly Southwestern states, enjoy the opposite condition. They are generally above

average in taxing capacity, expect higher than average growth rates and are not, in general, experiencing budget problems. Clearly, these states have a greater ability to provide growth in public sector services and juggle priorities in volatile times.

The ability to maintain or improve a set of public services does not, however, translate into new spending for education. An informal phone survey by ECS staff revealed individual state decisions. Some states in poor fiscal condition, such as Washington, plan to avoid cutbacks in funding to education due to a strong legislative commitment and a recent court decision. Those states planning to increase funding, again, are not necessarily the states in high fiscal condition. Massachusetts, for example, is trying to increase state funding due to a loss of taxing power at the local level, while states such as Arkansas and Georgia have plans to increase teacher salaries. Other states, such as Kansas and Oklahoma, are in high fiscal condition and plan to expand services accordingly.

As one would expect, the states are unique even in a time of nationwide problems. There is no doubt the recession affects the majority of states and is causing an unexpected slowing of growth in tax revenues. Yet, some states are hit hard, while others are buffered. All states are affected by losses in federal aid, but those with the greatest losses are characterized by both high and low fiscal conditions. Finally, each and every state will face critical decisions on setting priorities among major functional areas as the growth in their total amount of resources is significantly slowed. The outcomes will be somewhat easier for those with growing sources of state revenues and high fiscal capacities, but the political environment of antigovernment, either because of bigness or inefficiency, will make the inevitable trade-offs between service cuts and tax increases difficult for every state.

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Statistical Tables

Table 1

Recent Growth of State and Local Revenues and Expenditures

	Revenues			Expenditures		
	1979-80 Revenues	Growth Rate 1978-79 – 1979-80	Real Growth Rate	1979-80 Expenditures	Growth Rate 1978-79 – 1979-80	Real Growth Rate
NATIONAL	$205,514.2	+8.7%	−1.1%	$367,339.9	+12.7%	+2.5%
NEW ENGLAND						
Connecticut	3,326.4	+5.4	−4.1	4,918.8	+12.0	+1.9
Maine	965.5	+10.3	+0.3	1,581.0	+9.4	−0.5
Massachusetts	7,133.2	+5.1	−4.4	10,301.3	+6.4	−3.2
New Hampshire	681.5	+6.4	−3.2	1,233.9	+14.5	+4.1
Rhode Island	939.9	+3.8	−5.6	1,661.0	+12.9	+2.7
Vermont	459.9	+3.1	−6.2	817.5	+9.8	−0.1
MIDEAST						
Delaware	629.9	+4.5	−5.0	1,076.5	+16.6	+6.0
Maryland	4,655.5	+6.5	−3.1	7,626.1	+9.8	−0.1
New Jersey	8,376.5	+7.0	−2.7	12,427.1	+7.7	−2.0
New York	26,245.5	+8.6	−1.2	38,689.9	+11.0	+1.0
Pennsylvania	11,605.9	+7.4	−2.3	17,429.8	+9.6	−0.3
GREAT LAKES						
Illinois	12,375.2	+10.4	+0.4	18,122.1	+12.1	+2.0

Indiana	4,083.1	+0.9	−8.2	6,826.7	+12.7	+2.5
Michigan	9,956.4	+3.0	−6.3	17,401.8	+13.1	+2.9
Ohio	8,747.7	+6.1	−3.5	15,447.0	+11.3	+1.2
Wisconsin	4,993.9	+3.6	−5.8	8,464.2	+11.0	+1.0
PLAINS						
Iowa	2,817.6	+8.6	−1.2	4,910.6	+14.5	+4.1
Kansas	2,118.4	+5.2	−4.3	3,748.2	+13.1	+2.9
Minnesota	4,585.5	+3.0	−6.3	7,723.6	+15.2	+4.8
Missouri	3,734.3	+5.7	−3.9	6,294.6	+14.6	+4.2
Nebraska	1,512.3	+7.3	−2.4	2,424.6	+9.1	−0.8
North Dakota	553.0	+11.2	+1.3	1,201.2	+16.4	+5.9
South Dakota	544.1	+6.7	−3.0	1,094.6	+10.8	+0.8
SOUTHEAST						
Alabama	2,528.4	+7.6	−2.1	5,159.8	+12.2	+2.0
Arkansas	1,495.3	+15.4	+5.0	2,742.3	+13.4	+3.1
Florida	7.381.6	+8.0	−1.8	12,753.7	+11.5	+1.4
Georgia	4,207.0	+9.5	−0.4	7,462.6	+11.3	+1.2
Kentucky	3,709.3	+4.1	−5.3	5,406.3	+14.4	+4.0
Louisiana	3,534.0	+9.0	−0.9	6,558.2	+19.5	+8.7
Mississippi	1,629.6	+5.4	−4.3	3,412.2	+12.7	+2.5
North Carolina	4,395.2	+10.2	+0.2	7,639.3	+9.4	−0.5
South Carolina	2,209.1	+10.9	+0.9	3,958.4	+12.5	+2.3
Tennessee	3,012.3	+3.8	−5.6	5,928.6	+15.4	+5.0

Table 1 (cont.)

Recent Growth of State and Local Revenues and Expenditures

	Revenues			Expenditures		
	1979-80 Revenues	Growth Rate 1978-79 — 1979-80	Real Growth Rate	1979-80 Expenditures	Growth Rate 1978-79 — 1979-80	Real Growth Rate
SOUTHEAST (cont.)						
Virginia	$4,574.1	+8.0%	−1.8%	$7,700.0	+9.5%	−0.4%
West Virginia	1,551.7	+6.8	−2.9	2,966.1	+13.2	+3.0
SOUTHWEST						
Arizona	2,738.2	+11.4	+1.3	4,204.7	+13.6	+3.3
New Mexico	1,143.0	+11.0	+1.0	2,156.0	+10.6	+0.6
Oklahoma	2,500.7	+14.8	+4.4	4,254.6	+17.4	+6.8
Texas	11,466.3	+14.4	+4.0	19,376.0	+16.6	+6.0
ROCKY MOUNTAIN						
Colorado	2,859.2	+6.1	−3.5	4,558.4	+9.7	−0.2
Idaho	712.0	+2.5	−6.8	1,289.1	+11.1	+1.0
Montana	786.8	+11.2	+1.1	1,392.0	+10.9	+0.9
Utah	1,226.8	+11.5	+1.4	2,359.0	+21.1	+10.1
Wyoming	659.1	+13.4	+3.1	1,100.0	+23.4	+12.2
FAR WEST						
California	27,745.5	+15.6	+5.1	43,412.7	+15.8	+5.3

Nevada	776.8	−1.8	−10.7	1,491.9	+20.4	+9.5
Oregon	2,576.5	+6.7	−3.0	5,000.9	+14.1	+3.8
Washington	4,083.9	+4.9	−4.6	7,358.9	+14.5	+4.1
Alaska	1,675.5	+62.1	+47.4	2,502.7	+34.7	+22.5
Hawaii	1,232.8	+12.8	+2.6	1,876.8	+8.9	−1.0

Source: Governmental Finances in 1978-79 *and* Governmental Finances in 1979-80, *U.S. Department of Commerce, Bureau of the Census, Washington, D.C. (October 1980 and September 1981, respectively).*

Table 2

Recent Changes in the Tax Structures of the 50 States and Year of Change

	1977-80 Majority of States DECREASE Taxes			1981 Majority of States INCREASE Taxes					
	Personal Income	Sales	Indexation of Personal Income	Personal Income	Corporate Income	Sales	Motor Fuel	Tobacco	Alcoholic Beverages
NEW ENGLAND									
Connecticut		1977		1981[1]	1981				
Maine	1979	1979							1981
Massachusetts	1980						1981		
New Hampshire					1981		1981		1981
Rhode Island							1981		
Vermont	1978	1978					1981		1981
MIDEAST									
Delaware							1981		
Maryland	1977,80	1980					1981		
New Jersey		1980					1981		
New York	1978,79	1977,79,80							
Pennsylvania							1981		
GREAT LAKES									
Illinois							1981		
Indiana							1981		1981

Michigan									
Ohio	1979					1981	1981		
Wisconsin	1979,80	1979,80	1979	1981[1]	1981		1981		1981
PLAINS									
Iowa	1980		1979				1981	1981	
Kansas							1981		
Minnesota	1979,80		1979			1981	1981		
Missouri							1981		
Nebraska	1979	1979					1981	1981	1981
North Dakota	1979						1981		
South Dakota							1981	1981	1981
SOUTHEAST									
Alabama							1981		
Arkansas		1980							
Florida							1981		
Georgia							1981		
Kentucky		1980					1981		
Louisiana	1980	1980							
Mississippi	1980								1981
North Carolina	1978,80		1980				1981		
South Carolina							1981		
Tennessee							1981		1981

[1] *These do not represent increases in broad-based income tax for these states.*

Table 2 (cont.)

Recent Changes in the Tax Structures of the 50 States and Year of Change

	1977-80 Majority of States DECREASE Taxes			1981 Majority of States INCREASE Taxes					
	Personal Income	Sales	Indexation of Personal Income	Personal Income	Corporate Income	Sales	Motor Fuel	Tobacco	Alcoholic Beverages
SOUTHEAST (cont.)									
Virginia							1981		
West Virginia		1980				1981			1981
SOUTHWEST									
Arizona	1979,80		1978				1981		
New Mexico	1977,80						1981		1981
Oklahoma							1981		
Texas		1979					1981		
ROCKY MOUNTAIN									
Colorado	1978,79,80	1978,80	1978				1981		1981
Idaho							1981		
Montana	1978,80		1980				1981		
Utah		1980					1981		1981
Wyoming							1981		
FAR WEST									
California	1979		1978				1981		

Nevada		1980		1981	1981	1981	1981
Oregon	1980		1979		1981	1981	
Washington				1981	1981	1981	1981
Alaska	1979,80				1981		
Hawaii	1977,78				1981		

Source: (Columns 1-3) "The Great Slowdown in State and Local Government Spending in the United States: 1976-1984," Advisory Commission on Intergovernmental Relations (June 1981); and (Columns 4-9) Tax Administrators News, *vol. 45, no. 11 (November 1981).*

Table 3

Growth in State Tax Revenue

	Growth Through Third Quarter 1980, From Previous 12 Months	Growth Through Third Quarter 1981, From Previous 12 Months	Real Growth Through Third Quarter 1981	Growth Through Third Quarter 1981 From Previous 12 Months by Type of Tax					
				Personal Income	Corporate Income	General Sales	Motor Fuel	Tobacco	Alcohol
NATIONAL	10.2%	10.1%	−2.7%	10.6%	5.0%	8.7%	2.6%	4.1%	5.7%
NEW ENGLAND									
Connecticut	8.1	14.2	5.1	15.9	2.9	15.3	−0.7	−2.0	−5.0
Maine	14.0	8.5	−0.1	24.1	−18.9	12.6	−3.4	1.0	4.8
Massachusetts	14.2	15.4	6.2	16.6	−6.5	24.2	24.8	11.0[1]	23.7[1]
New Hampshire	X[2]	2.1	−6.0	18.8	−12.1	X[3]	2.7	2.4	3.7
Rhode Island	4.0	9.6	0.9	26.2	−6.6	6.6	4.0	1.1	−8.1[1]
Vermont	0.1	12.3	3.4	18.6	0.2	12.3	3.4	6.6	5.1
MIDEAST									
Delaware	10.8	2.8	−5.4	8.8	−26.6	X[3]	−9.4[1]	−0.5	2.2
Maryland	3.7	7.9	−0.7	12.4	−9.8	7.1	2.5	20.2	1.8
New Jersey	10.0	30.1	19.8	15.0	35.0[1]	3.5	1.2	2.0	3.8
New York	12.1	11.7	2.8	17.0	28.0	1.7	1.0	1.9	−1.0
Pennsylvania	5.8	5.8	−2.6	7.6	0.6	5.0	−1.8	1.5	5.8

GREAT LAKES									
Illinois	11.3	1.0	−7.0	7.0	−6.2	−2.1	−0.1	−2.6	−3.5
Indiana	−2.0	7.5	−1.0	24.1	−11.8	4.7	1.4	3.2	0.5
Michigan	−1.3	5.5	−2.9	5.7	3.6	8.4	−6.7	0.8	7.6
Ohio	4.8	12.7	3.8	14.3	−2.5	20.6	0.3	0.4	23.1
Wisconsin	5.3	7.6	−0.9	11.6	−13.3	5.3	16.8	6.8	−0.7
PLAINS									
Iowa	8.3	3.7	−4.5	16.0	−2.4	−7.1	−4.8	10.2	15.4[1]
Kansas	9.8	8.2	−0.4	21.0	−4.8	5.9	−2.8	3.7	5.1
Minnesota	0.5	7.6	−0.9	16.9	−8.7	5.4	12.9	1.7	2.1
Missouri	1.4	5.5	−2.9	12.9	−7.8	3.6	0.1	0.5	−1.6
Nebraska	4.9	1.5	−6.6	−16.6	0.3	8.0	22.3	6.1	5.1
North Dakota	16.3	27.6	17.5	13.2	13.0	8.8	1.2	2.0	−8.4[1]
South Dakota	12.5	11.6	2.7	X[3]	12.9	7.4	17.0	2.3	11.9
SOUTHEAST									
Alabama	6.0	15.7	6.5	30.1[1]	−9.3	3.1	39.8	23.8	4.7
Arkansas	15.0	3.4	−4.8	−0.1	−3.6	9.5	0.6	2.6	5.3
Florida	10.3	12.2	3.3	X[3]	10.1	15.9	1.8	3.8	4.6
Georgia	10.6	11.4	2.6	19.0	5.4	8.9	5.6	3.9	3.1
Kentucky	7.7	6.3	−2.1	6.3	−4.4	3.8	4.8	4.1	1.4
Louisiana	12.2	18.6	9.2	−24.9	5.4	13.8	−1.0	4.6	6.3

[1] *Reflects change in collection cycle* [2] *Not available* [3] *Not applicable*

Table 3 (cont.)

Growth in State Tax Revenue

	Growth Through Third Quarter 1980, From Previous 12 Months	Growth Through Third Quarter 1981, From Previous 12 Months	Real Growth Through Third Quarter 1981	Growth Through Third Quarter 1981 From Previous 12 Months by Type of Tax					
				Personal Income	Corporate Income	General Sales	Motor Fuel	Tobacco	Alcohol
SOUTHEAST (cont.)									
Mississippi	8.9%	11.9%	3.0%	X[2]	−1.3%	8.4%	−13.3%[1]	2.8%	11.8%
North Carolina	8.4	9.2	0.5	11.9%	−4.5	8.2	5.6	1.9	5.0
South Carolina	11.0	8.7	0.1	15.0	−7.0	7.6	8.8	4.5	5.2
Tennessee	3.0	4.9	−3.4	16.7	−1.0	8.3	8.0	2.7	8.1
Virginia	8.8	10.1	1.4	17.1	−8.8	9.3	14.8	2.0	8.9
West Virginia	6.2	7.0	−1.5	8.6	4.1	7.5	−5.2	0.7	−24.2[1]
SOUTHWEST									
Arizona	8.1	5.6	−2.8	25.0	−12.5	−3.4	0.2	2.4	5.6
New Mexico	11.5	26.7	16.6	42.1[1]	12.0	20.7	7.2	4.1	21.0[5]
Oklahoma	24.3	20.2	10.7	27.5	−0.1	23.7	−0.7	9.7	18.1
Texas	20.9	19.4	9.9	X[3]	X[3]	17.8	−4.2	4.3	11.0
ROCKY MOUNTAIN									
Colorado	2.9	−1.0	−8.9	−6.8	−11.6	4.8	1.9	2.6	5.2

Idaho	3.9	11.2	2.4	21.4	19.5	7.9	−1.4	2.6	9.3
Montana	12.8	9.5	0.8	10.5	14.9	X[3]	−9.3[1]	2.9	3.9
Utah	8.8	12.0	3.1	14.8	2.8	12.1	0.4	4.8	22.7[5]
Wyoming	14.4	19.1	9.6	X[3]	X[3]	16.9	0.3	1.5	19.7[1]
FAR WEST									
California	17.4	4.4	−3.9	−1.3	4.7	10.3	−0.7	6.9	1.8
Nevada	4.9	18.9	9.5	X[3]	X[3]	36.4	13.4	9.2	4.1
Oregon	3.2	9.8	1.1	15.4	−15.6	X[2]	X[2]	15.8[1]	4.3
Washington	7.6	8.2	−0.4	X[3]	X[3]	6.2	2.9	19.3	0.8
Alaska	72.0	46.5	34.9	−95.8	41.7	X[3]	−12.9[1]	−8.5[1]	9.5
Hawaii	14.1	7.2	−1.3	6.0	−4.9	9.3	−3.4	3.5	−13.9[4]

[1] *Reflects change in collection cycle* [2] *Not available* [3] *Not applicable*
[4] *Portion of tax is being held in suspense fund pending adjudication.*
[5] *Reflects increase in tax rates, effective July 1, 1981.*

Source: Quarterly Summary of State and Local Revenue, *U.S. Department of Commerce, Bureau of the Census, GT81, no. 3 (July-September 1981).*

Table 4

Anticipated Impact of Economic Recovery Tax Act (ERTA) on State Revenue, 1981-82 Fiscal Year (in Millions of Dollars)

	Individual	Corporate	Total	Plans Regarding Corporate Tax Structure: Not Conforming	Conforming With: Higher Tax Rate	Conforming With: No Change in Tax Rate
TOTAL	−6.3	−179.7	−186.0			
NEW ENGLAND						
Connecticut	−0.1	−6.4	−6.5	X		
Maine	NP	NP	NP			X[1]
Massachusetts	0.0	−5.0	−5.0			
New Hampshire	NT	−2.5	−2.5			
Rhode Island	0.0	−5.0	−5.0			
Vermont	−4.0	−2.5	−6.5			
MIDEAST						
Delaware	−0.5	−4.0	−4.5			
Maryland	0.0	0.0	0.0			
New Jersey[2]	−M	−13.0	−13.0			
New York	−2.0	−35.0	−37.0			
Pennsylvania[3]	−4.0	−5.0	−9.0	X		

GREAT LAKES					
Illinois	0.0	−11.8	−11.8		
Indiana	−M	−5.0	−5.0		X
Michigan	−M	0.0	−M		
Ohio	0.0	0.0	0.0	X	
Wisconsin[2]	−2.7	−8.7	−11.4		X
PLAINS					
Iowa	−3.0	−2.0	−5.0		X
Kansas	+2.1	−7.0	−4.9		
Minnesota	NP	NP	NP		
Missouri[2]	−2.3	−3.5	−5.8		
Nebraska[2]	−M	−M	−M		
North Dakota	−0.5	0.0	−0.5		
South Dakota	NT	NT	NT		
SOUTHEAST					
Alabama[2]	+M	−M	0.0		
Arkansas	0.0	0.0	0.0		
Florida	NT	0.0	0.0		
Georgia	0.0	0.0	0.0		
Kentucky	+4.2	−16.8	−12.6		
Louisiana	+1.3	−5.3	−4.0		

+M = minimal gains *−M = minimal loss* *NP = not provided* *NT = no tax*

[1] *This change is temporary, will be reviewed in one year.*

[2] *Information based on federal tax year rather than state fiscal year.*

[3] *Not verified in follow-up survey.*

Table 4 (cont.)

Anticipated Impact of Economic Recovery Tax Act (ERTA) on State Revenue, 1981-82 Fiscal Year (in Millions of Dollars)

				Plans Regarding Corporate Tax Structure		
					Conforming With	
	Individual	Corporate	Total	Not Conforming	Higher Tax Rate	No Change in Tax Rate
SOUTHEAST (cont.)						
Mississippi	−M	−2.0	−2.0			
North Carolina	0.0	0.0	0.0			
South Carolina	0.0	0.0	0.0			
Tennessee	NT	−20.0	−20.0			
Virginia	NP	NP	NP			
West Virginia[2]	−M	−M	−M			
SOUTHWEST						
Arizona	−3.4	−0.7	−4.1			
New Mexico	0.0	0.0	0.0			
Oklahoma	+7.7	−11.9	−4.2			
Texas	NT	NT	NT			
ROCKY MOUNTAIN						
Colorado	+0.9	−3.3	−2.4			
Idaho	0.0	0.0	0.0			
Montana	NP	NP	NP			

Utah	−M	−M	−M			
Wyoming	NT	NT	NT			
FAR WEST						
California	0.0	0.0	0.0			
Nevada	NT	NT	NT			
Oregon	0.0	0.0	0.0	X		
Washington	NT	NT	NT			
Alaska	NT	−1.4	−1.4	X		
Hawaii[3]	−M	−1.9	−1.9			X

−M = minimal loss *NP = not provided* *NT = no tax*

[1] *This change is temporary, will be reviewed in one year.*

[2] *Information based on federal tax year rather than state fiscal year.*

[3] *Not verified in follow-up survey.*

Source: Survey conducted by the Council of State Governments, Washington, D.C. (Fall 1981).

Table 5

Recent Trends in Federal Aid for All State and Local Services

	Growth in Federal Aid 1978-79	Growth in Federal Aid 1979-80	Total Federal Aid 1980 (millions)	Dollar Loss[1] 1982 (millions)	Per Capita Loss as Percent of National Average
NATIONAL	+6.4%	+10.3%			
NEW ENGLAND					
Connecticut	+2.1	+7.6	$1,157	$237	95%
Maine	+8.0	+2.8	523	107	119
Massachusetts	+5.6	+5.9	2,887	591	96
New Hampshire	+1.2	+18.2	346	71	96
Rhode Island	+6.3	+15.8	477	98	129
Vermont	+0.5	+47.1	356	73	96
MIDEAST					
Delaware	+3.3	+18.4	275	56	117
Maryland	+19.7	+16.8	1,843	377	112
New Jersey	+6.4	+4.3	2,833	580	99
New York	+6.0	+7.9	9,570	1,959	139
Pennsylvania	+4.8	+10.2	4,516	924	97

GREAT LAKES					
Illinois	+9.1	+18.3	4,477	916	100
Indiana	+10.5	+15.6	1,608	329	74
Michigan	+8.8	+10.1	3,929	804	108
Ohio	+5.7	+11.8	3,434	703	81
Wisconsin	+7.3	+17.3	2,025	414	110
PLAINS					
Iowa	+10.2	+13.3	995	204	87
Kansas	+17.4	+13.2	818	167	88
Minnesota	+12.2	+10.0	1,667	341	104
Missouri	+18.5	+12.4	1,703	349	89
Nebraska	+3.4	+15.2	547	112	89
North Dakota	+13.9	+17.6	347	71	136
South Dakota	+9.7	+40.1	443	91	164
SOUTHEAST					
Alabama	+10.2	+15.8	1,584	324	104
Arkansas	+8.7	+11.0	940	192	62
Florida	+1.4	+19.1	2,854	584	74
Georgia	+7.1	+8.8	2,373	486	111
Kentucky	+19.1	+9.0	1,471	301	103
Louisiana	+11.4	+3.6	1,568	321	95

[1] *These losses are calculated by extrapolating 1981 federal aid receipts to the amount necessary to maintain current service levels. The predicted 1982 receipts are then subtracted from these amounts and divided by estimated population.*

Table 5 (cont.)

Recent Trends in Federal Aid for All State and Local Services

	Growth in Federal Aid 1978-'79	Growth in Federal Aid 1979-80	Total Federal Aid 1980 (millions)	Per Capita Dollar Loss[1] 1982 (millions)	Loss as Percent of National Average
SOUTHEAST (cont.)					
Mississippi	+14.2%	+13.8%	$1,190	$244	121%
North Carolina	+8.0	+7.8	1,929	395	84
South Carolina	+9.3	+8.2	1,068	219	88
Tennessee	+13.2	+12.5	1,696	347	94
Virginia	+15.8	+4.4	1,775	363	85
West Virginia	+9.0	+23.2	950	194	124
SOUTHWEST					
Arizona	+6.0	+3.5	838	172	79
New Mexico	+1.4	+8.3	669	137	131
Oklahoma	+1.3	+11.8	1,061	217	89
Texas	+9.0	+10.4	3,964	811	71
ROCKY MOUNTAIN					
Colorado	+14.2	+5.6	995	204	88
Idaho	+0.3	+16.6	393	80	106
Montana	+9.3	+12.0	486	99	157

Utah	+4.9	+25.5	572	117	100
Wyoming	+2.9	+21.4	294	60	159
FAR WEST					
California	+3.0	+6.7	8,804	1,802	95
Nevada	+2.9	+21.2	335	69	108
Oregon	−0.4	+15.6	1,237	253	120
Washington	+8.1	+18.1	1,674	343	104
Alaska	−4.8	+16.1	451	92	286
Hawaii	−1.3	+13.6	463	95	123

[1] *These losses are calculated by extrapolating 1981 federal aid receipts to the amount necessary to maintain current service levels. The predicted 1982 receipts are then subtracted from these amounts and divided by estimated population.*

Source: (Columns 1-3) Federal Aid to the States, Fiscal Year 1980, *Department of the Treasury, Fiscal Service Bureau of Government Financial Operations, U.S. Government Printing Office (1981); (Columns 4-5) "Public Employee," AFSCME (vol. 46, no. 11, November 1981).*

Table 6

Deteriorating Budget Position of the States, Current and Projected Positions

	FY 1980	FY 1981[1]	FY 1982 Balance	Projected FY 82 Revenue Growth	Projected FY 82 Spending Growth
NATIONAL AVERAGE	9.0%	3.3%[2]	1.5%[2]	5.2%[2]	7.2%[2]
NEW ENGLAND					
Connecticut	0.0	−2.4	−3.2	11.2	9.6
Maine	3.6	4.3	3.4	8.9	10.6
Massachusetts	1.1	0.5	−0.1	6.7	6.7
New Hampshire	3.9	−11.0	−10.7	22.0	4.7
Rhode Island	5.2	4.1	0.0	2.8	6.4
Vermont	−3.1	−0.5	−3.9	8.6	12.8
MIDEAST					
Delaware	6.8	8.2	8.5	10.4	6.3
Maryland	11.2	5.3	5.2	8.0	2.5
New Jersey	5.9	3.8	0.4	−4.2	2.9
New York	0.1	0.1	0.0	10.7	10.8
Pennsylvania	1.1	1.1	0.0	4.9	5.9
GREAT LAKES					
Illinois	5.2	2.4	2.0	5.1	3.0

Indiana	10.7	1.3	−0.4	7.8	−4.3
Michigan	0.0	0.0	−2.9	7.8	11.0
Ohio	3.4	0.2	−5.9	6.2	12.9
Wisconsin	2.2	0.7	1.5	10.3	3.9
PLAINS					
Iowa	1.8	1.8	1.5	9.3	9.6
Kansas	16.5	12.1	11.0	8.7	6.2
Minnesota	3.4	−0.1	−12.9	15.7	31.0
Missouri	13.7	4.9	2.8	8.5	1.7
Nebraska	20.3	8.8	3.4	−4.2	15.4
North Dakota	53.2	49.9	22.9	1.2	22.1
South Dakota	7.3	8.9	3.7	13.9	20.3
SOUTHEAST					
Alabama	1.2	4.1	1.0	2.4	7.6
Arkansas	0.1	1.9	0.0	9.2	12.0
Florida	17.6	0.6	−1.1	7.8	9.8
Georgia	5.8	1.8	0.0	11.1	9.0
Kentucky	0.8	0.6	0.0	6.6	6.8
Louisiana	19.3	14.8	4.2	8.9	19.0
Mississippi	6.2	7.0	0.1	6.0	14.5

[1] *Actual figures for a part of the year and estimates for the remainder.*
[2] *These data are from the National Governors' Association and National Association of State Budget Officers annual spring survey. National averages were not available from the National Conference of State Legislatures survey.*

Table 6 (cont.)

Deteriorating Budget Position of the States,
Current and Projected Positions

	FY 1980	FY 1981[1]	FY 1982 Balance	Projected FY 82 Revenue Growth	Projected FY 82 Spending Growth
SOUTHEAST (cont.)					
North Carolina	10.4%	4.9%	0.0%	9.5%	8.9%
South Carolina	3.2	0.0	0.0	12.2	12.2
Tennessee	4.9	1.9	1.6	8.7	11.6
Virginia	14.1	11.0	2.7	8.5	14.2
West Virginia	7.9	0.8	0.0	18.3	15.3
SOUTHWEST					
Arizona	19.7	8.9	0.9	1.4	9.4
New Mexico	16.6	18.6	17.0	−1.2	8.7
Oklahoma	5.6	27.1	18.7	24.6	30.9
Texas	10.7	20.0	12.8	−1.9	15.2
ROCKY MOUNTAIN					
Colorado	21.5	4.1	0.2	7.2	4.3
Idaho	1.9	0.4	0.8	9.1	8.8
Montana	17.8	23.4	6.2	5.2	22.7
Utah	1.2	5.9	0.0	7.3	14.5
Wyoming	70.0	30.3	21.1	30.6	14.0

FAR WEST					
California	13.7	1.7	0.0	10.6	5.4
Nevada	18.6	11.4	14.4	3.7	−4.5
Oregon	6.7	0.8	−13.5	−1.4	1.7
Washington	4.6	0.1	−3.8	16.4	16.8
Alaska	188.2	23.6	−9.0	18.4	42.4
Hawaii	18.3	17.0	8.4	−3.6	5.9

[1] *Actual figures for a part of the year and estimates for the remainder.*

Sources: (Column 1) Fiscal Survey of the States, 1980-81, *National Governors' Association and National Association of State Budget Officers, Washington, D.C. (1982); (Columns 2-5) National Conference of State Legislatures Survey, mailed questionnaire and follow-up telephone survey (Fall 1981).*

Table 7

Comparative Growth Trends in Federal Aid for Elementary/Secondary Services

	Growth in Federal Aid for Elementary/Secondary, 1980-81 to 1981-82			
	1981-82 Current Dollars	Growth From 1980-81	1981-82 Adjusted Dollars	Real Growth Rate From 1980-81
NATIONAL	$8,841,815	+2.0%	$4,359,869	−10.8%
NEW ENGLAND				
Connecticut	96,661	+10.1	47,663	+1.4
Maine	51,043	+18.2	25,169	+8.8
Massachusetts	270,597	+18.5	133,430	+9.1
New Hampshire	16,500	−2.3	8,136	−11.0
Rhode Island	22,776	+2.0	11,231	−12.6
Vermont	15,888	+18.6	7,834	+9.2
MIDEAST				
Delaware	35,500	−5.4	17,505	−18.3
Maryland	156,076	−3.1	76,961	−10.8
New Jersey	162,630	+8.3	80,192	−0.3
New York	378,000	−20.8	186,391	−25.1
Pennsylvania	450,000	+7.1	221,893	−13.4
GREAT LAKES				
Illinois	499,600	−5.7	246,351	−14.7

Indiana	141,123	+16.2	69,587	+7.0
Michigan	436,720	+11.5	215,345	+2.6
Ohio	393,300	+14.5	193,935	+4.4
Wisconsin	151,147	+5.3	74,530	−3.1
PLAINS				
Iowa	84,875	+5.0	41,852	−26.2
Kansas	79,700	+13.3	39,300	−2.3
Minnesota	136,900	0.0	67,505	−12.1
Missouri	175,000	0.0	86,292	−13.3
Nebraska	56,621	+7.0	27,929	+2.1
North Dakota	20,639	+2.7	10,177	−5.5
South Dakota	34,000	−1.8	16,765	−12.5
SOUTHEAST				
Alabama	160,000	−1.2	78,895	+1.5
Arkansas	$114,387	0.0	56,404	−7.9
Florida	350,000	−10.2	172,584	+7.3
Georgia	253,333	+7.4	124,918	−12.2
Kentucky	160,000	−2.3	78,895	−5.0
Louisiana	180,000	−10.0	88,757	−27.9
Mississippi	228,212	+10.3	112,531	+1.5
North Carolina	324,874	+8.4	160,194	−0.2
South Carolina	175,000	+1.7	86,292	−7.4
Tennessee	272,609	+26.2	134,423	+7.7

Table 7 (cont.)

Comparative Growth Trends in Federal Aid for Elementary/Secondary Services

	Growth in Federal Aid for Elementary/Secondary, 1980-81 to 1981-82			
	1981-82 Current Dollars	Growth From 1980-81	1981-82 Adjusted Dollars	Real Growth Rate From 1980-81
SOUTHEAST (cont.)				
Virginia	193,841	−7.8	95,582	−19.5
West Virginia	88,351	−4.4	43,563	−11.3
SOUTHWEST				
Arizona	161,721	+10.4	79,744	+1.6
New Mexico	89,800	−14.6	44,280	−8.1
Oklahoma	173,260	+8.3	85,434	−0.3
Texas	745,150	+3.8	367,431	+3.1
ROCKY MOUNTAIN				
Colorado	112,424	+16.3	55,436	+14.9
Idaho	35,000	+8.5	17,258	−0.1
Montana	38,031	+2.8	18,753	−5.4
Utah	44,877	−17.2	22,129	−24.0
Wyoming	19,705	+6.8	9,716	−1.7
FAR WEST				
California	642,000	−2.7	316,568	−45.9

Nevada	**26,042**	**+12.1**	12,841	+3.2
Oregon	**136,312**	**+10.0**	67,215	−3.4
Washington	**178,490**	**+11.0**	88,013	+2.2
Alaska	**23,100**	**−62.2**	11,391	−65.2
Hawaii	**50,000**	**−2.2**	24,655	−15.7

Source: Estimates of School Statistics, 1981-82, *National Education Association (January 1982).*

Table 8

Trends in Annual Revenue Growth From All Sources for Elementary/Secondary Services
1974-75 to 1980-81

	Federal		State		Local	
	1974-75 1980-81[1]	1980-81 1981-82	1974-75 1980-81[1]	1980-81 1981-82	1974-75 1980-81[1]	1980-81 1981-82
NATIONAL	10.2%	+2.0%	11.0%	6.0%	5.7%	12.0%
NEW ENGLAND						
Connecticut	18.5	+10.1	11.5	3.7	2.6	5.0
Maine	11.9	+18.2	11.2	8.4	8.8	5.0
Massachusetts	19.6	+18.5	18.2	6.1	5.3	5.6
New Hampshire	22.7	−2.3	11.4	16.0	12.5	13.2
Rhode Island	0.7	+2.0	9.4	−2.1	8.4	11.2
Vermont	5.0	+18.6	3.2	7.1	7.0	3.5
MIDEAST						
Delaware	14.8	−5.4	6.4	9.0	5.6	5.5
Maryland	7.0	−3.1	2.6	11.2	6.4	8.3
New Jersey	1.4	+8.3	12.7	10.5	6.6	10.7
New York	4.8	−20.8	5.2	2.4	3.6	12.9
Pennsylvania	6.4	+7.1	5.7	4.7	8.6	7.1
GREAT LAKES						
Illinois	16.2	−5.7	5.6	−0.8	5.4	10.9

Indiana	4.8	+16.2	16.7	6.9	−2.8	0.9
Michigan	25.5	+11.5	4.4	15.3	15.1	7.7
Ohio	12.0	+14.5	7.7	17.2	4.6	11.8
Wisconsin	15.4	+5.3	8.2	8.8	7.8	5.0
PLAINS						
Iowa	15.0	+5.0	10.8	−4.4	10.1	3.2
Kansas	9.6	+13.3	14.1	8.4	10.2	18.2
Minnesota	14.6	0.0	7.9	23.7[2]	9.9	9.0
Missouri	11.5	0.0	8.5	14.4	6.4	10.1
Nebraska	7.4	+7.0	7.6	−21.6	8.9	28.1
North Dakota	6.1	+2.7	9.2	6.0	6.4	6.9
South Dakota	4.6	−1.8	22.2	1.6	5.4	1.7
SOUTHEAST						
Alabama	2.4	−1.2	12.3	−15.9	5.0	−1.9
Arkansas	7.6	0.0	12.7	6.7	9.6	3.0
Florida	11.1	−10.2	10.5	10.0	10.3	50.4
Georgia	11.9	+7.4	11.4	12.7	11.2	20.6
Kentucky	6.2	−2.3	16.6	0.5	1.9	5.5
Louisiana	6.0	−10.0	8.6	9.3	10.7	17.4

[1] *These figures represent an average annual growth rate for each type of revenue. The growth over six years is expressed on an annualized basis as if the rate for each year was equal.*

[2] *This high growth reflects the fact that Minnesota partially deferred 1980-81 aid payments to the 1981-82 year due to severe budgetary problems.*

Table 8 (cont.)

Trends in Annual Revenue Growth From All Sources for Elementary/Secondary Services 1974-75 to 1980-81

	Federal		State		Local	
	1974-75 1980-81[1]	1980-81 1981-82	1974-75 1980-81[1]	1980-81 1981-82	1974-75 1980-81[1]	1980-81 1981-82
SOUTHEAST (cont.)						
Mississippi	11.6%	+10.3%	11.1%	8.4%	8.8%	7.4%
North Carolina	6.2	+8.4	6.2	3.8	8.1	12.1
South Carolina	9.8	+1.7	10.7	3.4	10.7	16.1
Tennessee	15.6	+26.2	8.2	6.2	10.1	9.3
Virginia	8.3	−7.8	14.9	6.3	7.9	11.6
West Virginia	9.7	−4.4	13.4	12.7	8.3	9.5
SOUTHWEST						
Arizona	12.2	+10.4	7.0	29.1	10.5	7.4
New Mexico	6.2	−14.6	14.2	25.6	12.0	29.6
Oklahoma	13.1	+8.3	17.5	8.8	7.7	6.6
Texas	11.0	+3.8	15.0	19.2	11.4	21.8
ROCKY MOUNTAIN						
Colorado	7.7	+16.3	10.5	10.1	10.9	11.9
Idaho	6.7	+8.5	16.4	−4.3	6.0	30.4

Montana	16.2	+2.8	18.6	13.1	11.1	11.4
Utah	10.3	−17.2	12.7	5.1	14.4	6.7
Wyoming	14.6	+6.8	12.6	10.2	16.6	7.6
FAR WEST						
California	9.6	−2.7	19.8	−9.6	−14.6	23.0
Nevada	15.9	+12.1	17.4	17.7	4.3	−0.8
Oregon	21.2	+10.0	17.8	7.0	7.0	19.7
Washington	10.0	+11.0	16.4	12.8	−6.0	9.6
Alaska	9.1	−62.2	16.5	38.4	16.2	9.9
Hawaii	15.9	−2.2	10.1	10.8	−4.1	4.4

[1] *These figures represent an average annual growth rate for each type of revenue. The growth over six years is expressed on an annualized basis as if the rate for each year was equal.*

Source: Estimates of School Statistics, *1974-75 through 1981-82, National Education Association, Washington, D.C.*

Table 9

Appropriations of 1981-82 Federal Aid by Major Program[1]

	Title I	Handicapped	Vocational Education	Adult Education	Impact Aid	All Others Including Library and Rehabilitation Services	Total
NATIONAL	$2,932,251,294	$879,863,913	$652,991,592	$96,778,285	$403,516,722	$907,305,950	$5,872,707,756
NEW ENGLAND							
Connecticut	27,872,938	14,341,462	7,587,007	1,401,245	3,891,619	8,873,082	63,967,353
Maine	13,825,321	5,440,087	3,903,004	572,721	2,259,083	3,861,907	29,862,123
Massachusetts	68,200,295	28,472,614	16,617,409	2,375,093	4,174,565	22,072,796	141,912,872
New Hampshire	5,956,329	2,108,388	2,874,386	441,113	1,338,264	3,516,914	16,235,394
Rhode Island	10,389,283	3,798,633	2,921,290	615,995	1,718,273	4,337,583	23,781,057
Vermont	6,156,501	2,227,330	1,868,678	323,823	7,057	2,736,942	13,320,331
MIDEAST							
Delaware	10,147,500	2,676,706	1,760,135	376,008	153,371	2,702,230	17,815,950
Maryland	50,733,221	21,321,447	11,497,844	1,851,175	10,298,945	16,300,220	112,002,852
New Jersey	74,988,164	33,918,729	18,107,062	3,347,912	6,406,873	22,063,423	158,832,163
New York	260,467,453	46,195,074	46,811,075	8,334,833	11,491,481	59,603,266	432,903,182
Pennsylvania	130,227,677	40,921.096	34,024,995	5,620,657	2,825,011	48,672,837	262,292,273

GREAT LAKES							
Illinois	139,637,470	50,285,154	28,609,971	5,009,881	7,467,626	38,321,223	269,331,325
Indiana	40,176,877	20,517,671	16,408,565	2,391,460	1,308,058	12,947,724	93,750,355
Michigan	130,293,394	33,131,200	25,286,307	3,923,015	4,199,499	36,000,526	232,833,941
Ohio	91,183,482	43,531,923	31,030,880	4,731,080	3,181,969	37,926,941	211,586,275
Wisconsin	46,048,821	15,485,810	14,470,810	1,950,556	3,690,052	20,468,604	102,214,653
PLAINS							
Iowa	25,741,350	13,725,286	8,472,091	1,236,604	334,362	12,961,595	62,471,288
Kansas	23,203,898	8,823,212	6,627,565	1,002,937	5,451,476	8,550,899	53,659,987
Minnesota	39,105,023	18,362,226	12,021,405	1,597,605	3,122,538	20,683,773	94,892,570
Missouri	53,084,020	22,157,644	14,875,224	2,358,650	3,454,725	20,479,913	116,410,176
Nebraska	16,014,861	6,904,475	4,722,177	714,209	6,612,999	7,062,084	42,030,805
North Dakota	8,974,938	2,036,742	2,310,295	416,763	6,001,667	4,344,677	24,085,082
South Dakota	9,369,917	2,222,139	2,449,742	430,281	12,535,861	3,824,296	30,832,236
SOUTHEAST							
Alabama	71,310,919	16,687,850	13,584,091	1,971,921	3,802,099	27,994,477	135,351,357
Arkansas	46,944,965	10,155,513	7,703,630	1,205,087	1,831,053	15,507,759	83,348,007
Florida	106,416,246	30,623,003	26,350,296	3,288,007	12,523,741	32,497,115	211,698,408
Georgia	80,819,481	24,558,077	18,280,318	2,556,582	5,551,675	26,695,484	158,461,617
Kentucky	59,681,566	15,174,844	12,400,904	1,925,544	671,799	17,148,045	107,002,702
Louisiana	88,787,405	17,219,123	14,561,931	1,970,992	3,247,239	20,269,946	146,056,336

[1] *Not all programs are included, e.g., monies for school lunch programs. Totals will not agree, therefore, with NEA estimates (Table 7).*

Table 9 (cont.)

Appropriations of 1981-82 Federal Aid by Major Program[1]

	Title I	Handicapped	Vocational Education	Adult Education	Impact Aid	All Others Including Library and Rehabilitation Services	Total
SOUTHEAST (cont.)							
Mississippi	$71,018,448	$9,981,373	$9,073,663	$1,298,177	$ 2,558,902	$14,899,564	$108,830,127
North Carolina	91,256,788	25,658,549	20,136,098	2,939,411	5,873,570	28,363,004	174,227,420
South Carolina	55,146,859	15,440,863	11,411,711	1,556,915	5,626,362	19,682,193	108,864,903
Tennessee	65,377,728	21,396,439	15,360,255	2,236,752	2,702,220	17,808,571	124,881,965
Virginia	59,911,406	21,595,057	16,136,695	2,373,823	21,572,093	24,467,026	146,056,100
West Virginia	29,436,730	7,952,419	6,272,101	1,089,943	114,854	15,015,775	59,881,822
SOUTHWEST							
Arizona	30,848,053	11,147,746	8,285,465	838,917	33,730,234	10,982,922	95,833,337
New Mexico	25,698,472	5,265,938	4,564,283	552,390	22,102,229	6,064,081	64,157,393
Oklahoma	37,600,901	14,008,111	9,118,211	1,315,509	16,939,689	14,311,262	93,293,683
Texas	247,749,741	57,697,376	42,044,560	5,500,870	19,112,169	59,289,510	431,394,226
ROCKY MOUNTAIN							
Colorado	31,936,872	10,080,937	8,341,832	905,585	7,004,485	11,713,096	69,982,807
Idaho	9,843,704	3,651,890	3,070,904	421,861	3,418,897	4,129,406	24,536,662
Montana	10,329,713	2,974,328	2,635,034	414,875	10,322,741	3,900,253	30,576,944

Utah	9,949,245	7,767,875	5,041,229	470,964	5,256,447	7,327,246	35,813,006
Wyoming	5,117,310	2,199,261	1,318,783	268,193	4,197,761	1,883,140	14,984,448
FAR WEST							
California	317,360,886	80,682,972	58,497,742	7,373,624	48,754,897	73,945,273	586,615,394
Nevada	4,838,318	2,560,481	1,905,606	314,469	3,339,452	3,445,074	16,403,400
Oregon	31,971,337	8,869,832	7,053,161	955,909	1,789,287	10,061,080	60,700,606
Washington	44,635,518	13,633,211	10,725,549	1,355,785	14,639,300	14,745,545	99,734,908
Alaska	7,417,804	1,786,710	1,154,113	240,062	34,634,462	3,157,107	48,390,258
Hawaii	9,046,146	2,489,087	2,705,510	412,502	10,363,591	3,688,841	28,705,677

[1] *Not all programs are included, e.g., monies for school lunch programs. Totals will not agree, therefore, with NEA estimates (Table 7).*

Table 10

Appropriations for Major Federal Programs With Forward Funding, 1982-83 School Year

	Title I Chapter 1	Title I Chapter 2	Handicapped	Vocational Education	Adult Education
NATIONAL	$2,729,144,058	$427,578,566	$910,485,375	$625,768,868	$88,597,988
NEW ENGLAND					
Connecticut	25,828,445	5,629,327	14,894,503	6,825,695	1,216,521
Maine	13,019,725	2,187,360	5,629,818	3,689,427	510,314
Massachusetts	63,120,447	10,179,203	29,704,219	15,402,313	2,046,599
New Hampshire	5,457,359	2,187,360	2,217,312	2,749,567	398,135
Rhode Island	9,685,294	2,187,360	3,943,885	2,772,611	547,199
Vermont	5,641,420	2,187,360	2,277,573	1,798,047	298,161
MIDEAST					
Delaware	9,536,473	2,187,360	2,747,056	1,680,383	342,642
Maryland	47,058,900	7,901,277	22,142,984	10,830,797	1,600,028
New Jersey	69,355,844	13,483,247	35,340,344	16,949,642	2,875,800
New York	238,452,394	31,353,236	48,266,524	43,832,587	7,126,493
Pennsylvania	121,204,121	20,977,320	42,636,940	32,343,731	4,813,015
GREAT LAKES					
Illinois	129,088,432	21,174,245	51,014,982	27,769,671	4,292,409
Indiana	37,983,931	10,588,588	21,425,680	16,031,605	2,060,550

Michigan	121,144,144	18,242,264	33,869,065	24,420,072	3,365,999
Ohio	85,032,481	20,366,440	45,565,016	29,623,974	4,054,768
Wisconsin	43,365,612	8,923,105	15,769,469	13,573,548	1,684,737
PLAINS					
Iowa	24,534,118	5,333,733	14,036,121	8,040,025	1,076,187
Kansas	22,108,113	4,131,745	9,099,316	6,211,353	877,016
Minnesota	37,097,038	7,634,133	18,733,514	11,306,868	1,383,892
Missouri	49,602,933	8,900,251	22,842,536	14,178,448	2,032,584
Nebraska	15,176,581	2,862,882	7,064,892	4,407,672	630,914
North Dakota	8,408,849	1,187,360	2,111,036	2,291,295	377,380
South Dakota	8,817,346	1,187,360	2,230,859	2,430,743	388,903
SOUTHEAST					
Alabama	66,525,462	7,638,238	17,563,312	13,047,660	1,702,948
Arkansas	43,978,468	4,376,070	10,508,931	7,386,674	1,049,323
Florida	98,665,643	15,789,102	31,896,071	25,956,500	2,824,738
Georgia	75,537,580	10,871,064	25,495,462	17,749,636	2,201,294
Kentucky	55,839,252	7,062,039	15,812,446	12,235,500	1,663,418
Louisiana	82,690,527	8,550,185	17,798,987	13,798,578	1,702,156
Mississippi	66,012,429	5,236,720	10,499,588	8,703,045	1,128,670
North Carolina	85,917,555	11,053,883	26,675,941	19,630,501	2,527,606
South Carolina	51,562,125	6,207,221	15,985,758	11,004,158	1,349,210
Tennessee	60,740,849	8,583,914	21,885,820	14,940,243	1,928,682
Virginia	56,510,310	9,830,541	22,082,956	15,423,179	2,045,517

Table 10 (cont.)

Appropriations for Major Federal Programs With Forward Funding, 1982-83 School Year

	Title I Chapter 1	Title I Chapter 2	Handicapped	Vocational Education	Adult Education
SOUTHEAST (cont.)					
West Virginia	$27,781,295	$3,654,895	$8,294,656	$6,105,668	$951,177
SOUTHWEST					
Arizona	28,648,671	5,101,377	11,677,031	8,160,416	737,211
New Mexico	24,051,460	2,666,637	5,483,134	4,466,167	492,984
Oklahoma	35,379,702	5,487,749	14,359,620	8,754,035	1,143,443
Texas	231,459,497	27,688,367	58,988,241	40,624,429	4,710,912
ROCKY MOUNTAIN					
Colorado	30,227,354	5,226,034	10,505,194	7,921,405	794,037
Idaho	9,206,920	2,187,360	3,820,559	2,968,425	381,726
Montana	9,694,597	2,187,360	3,026,877	2,440,831	375,771
Utah	9,359,657	3,090,754	8,083,739	4,910,054	423,580
Wyoming	4,695,345	2,187,360	2,272,201	1,299,783	250,744
FAR WEST					
California	291,760,780	41,310,341	83,714,779	56,175,734	6,307,189
Nevada	4,338,701	2,187,360	2,648,721	1,960,429	290,188

Oregon	30,401,679	4,634,193	9,272,627	6,952,108	836,931
Washington	42,122,789	7,352,566	14,111,799	10,252,166	1,177,773
Alaska	6,937,779	2,187,360	1,838,456	1,135,112	226,766
Hawaii	8,377,632	2,187,360	2,618,824	2,605,858	373,748

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Table 11

Dollar Revenues From All Sources for Elementary/Secondary Education and Current Percentage Distribution, 1981-82

	Federal		State		Local	
	Dollars	Percent	Dollars	Percent	Dollars	Percent
NATIONAL	$8,841,815	8.1%	$53,832,691	49.0%	$47,091,999	42.9%
NEW ENGLAND						
Connecticut	96,661	6.0	544,435	34.0	958,305	59.9
Maine	51,043	9.9	252,515	49.1	210,754	41.0
Massachusetts	270,597	7.8	1,339,315	38.4	1,873,495	53.8
New Hampshire	16,500	3.9	29,000	6.9	375,120	89.2
Rhode Island	22,776	5.3	155,304	36.1	252,027	58.6
Vermont	15,888	6.9	63,223	27.5	151,186	65.8
MIDEAST						
Delaware	35,500	10.5	229,047	68.0	72,165	21.4
Maryland	156,076	6.8	938,468	40.7	1,212,761	52.6
New Jersey	162,630	3.6	1,802,832	39.4	2,606,728	57.0
New York	378,000	3.8	4,050,000	40.2	5,644,000	56.0
Pennsylvania	450,000	7.6	2,650,000	44.9	2,800,000	47.5
GREAT LAKES						
Illinois	499,600	8.6	2,243,300	38.7	3,048,600	52.6

Indiana	141,123	6.0	1,413,296	60.6	778,520	33.4
Michigan	436,720	8.1	2,018,425	37.3	2,955,555	54.6
Ohio	393,300	8.2	2,005,100	41.7	2,413,800	50.2
Wisconsin	151,147	6.2	917,410	37.6	1,372,674	56.2
PLAINS						
Iowa	84,875	6.0	592,222	41.9	734,804	52.0
Kansas	79,700	6.4	545,781	43.7	622,095	49.9
Minnesota	136,900	5.2	1,527,000	58.3	956,700	36.5
Missouri	175,000	8.7	775,819	38.4	1,070,317	53.0
Nebraska	56,621	7.6	123,672	16.7	560,648	75.7
North Dakota	20,639	7.7	121,847	45.3	126,199	47.0
South Dakota	34,000	11.8	78,000	27.2	175,000	61.0
SOUTHEAST						
Alabama	160,000	14.8	710,000	65.7	211,000	19.5
Arkansas	114,387	13.9	453,402	55.2	254,211	30.9
Florida	350,000	8.2	2,200,000	51.4	1,730,000	40.4
Georgia	253,333	10.9	1,282,476	55.1	789,768	34.0
Kentucky	160,000	11.9	940,000	69.6	250,000	18.5
Louisiana	180,000	10.9	930,000	56.4	540,000	32.7
Mississippi	228,212	24.5	494,060	53.0	210,350	22.6
North Carolina	324,874	13.7	1,520,623	63.9	532,391	22.4
South Carolina	175,000	13.6	734,400	57.1	377,200	29.3
Tennessee	272,609	16.2	795,048	47.1	619,650	36.7

Table 11 (cont.)

Dollar Revenues From All Sources for Elementary/Secondary Education and Current Percentage Distribution, 1981-82

	Federal		State		Local	
	Dollars	Percent	Dollars	Percent	Dollars	Percent
SOUTHEAST (cont.)						
Virginia	$193,841	7.8%	$1,014,000	40.6%	$1,289,569	51.6%
West Virginia	88,351	9.9	562,230	62.7	246,233	27.5
SOUTHWEST						
Arizona	161,721	11.4	639,178	45.0	619,962	43.6
New Mexico	89,800	12.0	568,700	76.1	89,000	11.9
Oklahoma	173,260	11.5	897,893	59.7	434,027	28.8
Texas	745,150	9.8	3,871,000	50.8	3,003,850	39.4
ROCKY MOUNTAIN						
Colorado	112,424	6.8	666,840	40.3	875,125	52.9
Idaho	35,000	8.5	225,000	54.9	150,000	36.6
Montana	38,031	8.3	224,000	49.0	195,000	42.7
Utah	44,877	6.1	403,486	54.5	291,848	39.4
Wyoming	19,705	6.6	87,218	29.1	192,852	64.3
FAR WEST						
California	642,000	6.8	7,046,000	74.3	1,790,000	18.9

Nevada	26,042	8.0	180,736	55.4	119,182	36.6
Oregon	136,312	9.0	513,807	33.8	867,881	57.2
Washington	178,490	8.5	1,587,283	75.4	340,747	16.2
Alaska	23,100	4.1	450,300	80.1	88.700	15.8
Hawaii	50,000	10.4	419,000	87.1	12,000	2.5

Source: Estimates of School Statistics, 1981-82, *National Education Association (January 1982).*

Table 12

Relative Fiscal and Political Capacity of States to Handle Changes

	Indices of Fiscal Capacity, 1979		Expected Annual Growth in Real Income, 1978-2000	Composite Measure of Fiscal Condition
	Per Capita Income Index	Tax Capacity Index		
NEW ENGLAND				
Connecticut	115	106	2.8%	Low
Maine	80	80	3.6	Medium
Massachusetts	101	91	2.6	Low
New Hampshire	95	97	3.9	Medium
Rhode Island	97	84	3.2	Low
Vermont	84	86	3.5	Low
MIDEAST				
Delaware	106	111	3.4	Medium
Maryland	106	98	2.9	Medium
New Jersey	111	101	2.9	Medium[L]
New York	104	87	2.1	Low
Pennsylvania	98	92	2.6	Low
GREAT LAKES				
Illinois	112	112	2.8	Medium[Q]
Indiana	98	97	3.3	Medium

Michigan	107	102	3.0	Low
Ohio	99	99	2.9	Medium
Wisconsin	97	96	3.2	Low
PLAINS				
Iowa	100	106	3.0	Low
Kansas	105	107	3.1	High
Minnesota	101	102	3.5	Medium
Missouri	94	95	2.9	Medium
Nebraska	99	96	3.1	Medium
North Dakota	94	106	3.2	High
South Dakota	85	92	3.1	Medium[P]
SOUTHEAST				
Alabama	79	76	3.6	Low
Arkansas	79	78	3.5	Low

Note: Several states that do not fall into the same category on any two factors were classified as having medium fiscal conditions. The following footnotes provide further information:

[Q] *These states require separate explanations. Illinois is very high in terms of its taxing capacity but is low in expected income growth. Mississippi has the opposite pattern, the lowest capacity and yet, high expected growth and budget balance. New Mexico's value on tax capacity is at the cutoff point for the high category; it could easily be described as having high fiscal condition.*

[P] *These states do not tap all major tax sources. For example, South Dakota does not have a state income tax; California indexed their income taxes and, thereby, significantly reduced revenues. Political barriers may keep these states from having a higher fiscal condition.*

[L] *These states have revenue or expenditure limitations that may keep them from tapping their true tax capacity.*

Table 12 (cont.)

Relative Fiscal and Political Capacity of States to Handle Changes

	Indices of Fiscal Capacity, 1979		Expected Annual Growth in Real Income, 1978-2000	Composite Measure of Fiscal Condition
	Per Capita Income Index	Tax Capacity Index		
SOUTHEAST (cont.)				
Florida	97	104	4.4%	High
Georgia	87	83	3.7	Medium
Kentucky	84	86	4.0	Low
Louisiana	86	108	4.0	High
Mississippi	70	71	4.1	Medium[Q]
North Carolina	84	82	3.8	Medium
South Carolina	80	77	4.0	Low
Tennessee	84	81	4.0	Medium
Virginia	98	93	3.6	Medium
West Virginia	84	95	3.8	Medium
SOUTHWEST				
Arizona	96	95	4.4	High
New Mexico	86	105	3.9	Medium[Q]
Oklahoma	97	113	3.6	High
Texas	100	122	4.1	High

ROCKY MOUNTAIN				
Colorado	104	111	4.4	High
Idaho	86	91	4.0	Medium
Montana	88	111	3.6	High
Utah	82	88	4.6	Medium[L]
Wyoming	113	179	4.5	High
FAR WEST				
California	115	116	3.3	Medium[P,L]
Nevada	120	164	5.3	High
Oregon	102	105	4.3	Medium[P,L]
Washington	109	103	3.6	Medium[P,L]
Alaska	128	215	4.5	High
Hawaii	105	105	3.7	Medium

Note: Several states that do not fall into the same category on any two factors were classified as having medium fiscal conditions. The following footnotes provide further information:

[Q] *These states require separate explanations. Illinois is very high in terms of its taxing capacity but is low in expected income growth. Mississippi has the opposite pattern, the lowest capacity and yet, high expected growth and budget balance. New Mexico's value on tax capacity is at the cutoff point for the high category; it could easily be described as having high fiscal condition.*

[P] *These states do not tap all major tax sources. For example, South Dakota does not have a state income tax; California indexed their income taxes and, thereby, significantly reduced revenues. Political barriers may keep these states from having a higher fiscal condition.*

[L] *These states have revenue or expenditure limitations that may keep them from tapping their true tax capacity.*

Source: (Columns 1-2) The Representative Tax System: An Alternative Measure of Fiscal Capacity, preliminary release, Advisory Commission on Intergovernmental Relations; *and (Column 3),* Survey of Current Business, *U.S. Department of Commerce, Bureau of Economic Analysis, vol. 60, no. 11 (November 1980).*

Education Commission
of the States

The Education Commission of the States is a nonprofit organization formed by interstate compact in 1966. Forty-eight states, American Samoa, Puerto Rico and the Virgin Islands are now members. Its goal is to further a working relationship among governors, state legislators and educators for the improvement of education. This report is an outcome of one of many commission undertakings at all levels of education. The commission offices are located at Suite 300, 1860 Lincoln Street, Denver, Colorado 80295.

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